

Township of Irving
Barry County, Michigan
**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT**
Year ended March 31, 2008

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Township of Irving, Michigan

We have audited the accompanying financial statements of the governmental activities and each major fund of the Township of Irving, Michigan, as of March 31, 2008, and for the year then ended, which collectively comprise the Township's basic financial statements, as listed in the contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Township of Irving, Michigan, as of March 31, 2008, and the respective changes in financial position for the year then ended in conformity with U.S. generally accepted accounting principles.

The budgetary comparison information, as listed in the contents, is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The Township of Irving, Michigan, has not presented the management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be a part of, the financial statements.

Siegfried Crandall P.C.

May 21, 2008



1958-2008

BASIC FINANCIAL STATEMENTS

Township of Irving
STATEMENT OF NET ASSETS
March 31, 2008

	<u>Governmental activities</u>
ASSETS	
Current assets:	
Cash	\$ 748,977
Receivables	44,802
Prepaid expenses	<u>13,546</u>
Total current assets	<u>807,325</u>
Noncurrent assets:	
Capital assets not being depreciated - land	83,191
Capital assets, net of accumulated depreciation	<u>183,010</u>
Total noncurrent assets	<u>266,201</u>
Total assets	<u>1,073,526</u>
LIABILITIES	
Payables	<u>8,093</u>
NET ASSETS	
Invested in capital assets	266,201
Restricted for:	
Public safety	67,647
Public works	3,889
Unrestricted	<u>727,696</u>
Total net assets	<u>\$ 1,065,433</u>

See notes to financial statements

Township of Irving
STATEMENT OF ACTIVITIES
Year ended March 31, 2008

	<u>Program revenues</u>			<u>Net (expenses) revenues and changes in net assets</u>
	<u>Expenses</u>	<u>Charges for services</u>	<u>Operating grants and contributions</u>	<u>Governmental activities</u>
Functions/Programs				
Governmental activities:				
Legislative	\$ 5,444	\$ -	\$ -	\$ (5,444)
General government	127,831	39,442	-	(88,389)
Public safety	125,235	-	-	(125,235)
Public works	<u>89,129</u>	<u>-</u>	<u>3,409</u>	<u>(85,720)</u>
Total governmental activities	<u>\$ 347,639</u>	<u>\$ 39,442</u>	<u>\$ 3,409</u>	<u>(304,788)</u>
General revenues:				
Property taxes				206,573
State shared revenue				154,055
Interest income				27,263
Other				<u>109</u>
Total general revenues				<u>388,000</u>
Change in net assets				83,212
Net assets - beginning				<u>982,221</u>
Net assets - ending				<u>\$ 1,065,433</u>

See notes to financial statements

Township of Irving
BALANCE SHEET - governmental funds
 March 31, 2008

	Major funds		
	General	Fire	Totals
ASSETS			
Cash	\$ 702,193	\$ 46,784	\$ 748,977
Receivables	33,388	11,414	44,802
Prepaid expenses	-	9,449	9,449
Total assets	<u>\$ 735,581</u>	<u>\$ 67,647</u>	<u>\$ 803,228</u>
LIABILITIES AND FUND BALANCES			
Liabilities - payables	<u>\$ 8,093</u>	<u>\$ -</u>	<u>\$ 8,093</u>
Fund balances:			
Reserved for right-of-way expenditures	3,889	-	3,889
Unreserved:			
Designated for cemetery expenditures	13,314	-	13,314
Undesignated	<u>710,285</u>	<u>67,647</u>	<u>777,932</u>
Total fund balances	<u>727,488</u>	<u>67,647</u>	<u>795,135</u>
Total liabilities and fund balances	<u>\$ 735,581</u>	<u>\$ 67,647</u>	<u>\$ 803,228</u>
Total fund balances - total governmental funds			\$ 795,135
Amounts reported for <i>governmental activities</i> in the statement of net assets (page 4) are different because:			
Capital assets used in <i>governmental activities</i> are not financial resources and, therefore, are not reported in the funds.			
			266,201
Prepaid expenses are not a current financial resource and, therefore, are not reported in the funds.			
			<u>4,097</u>
Net assets of <i>governmental activities</i>			<u>\$ 1,065,433</u>

See notes to financial statements

Township of Irving**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES - governmental funds**

Year ended March 31, 2008

	Major funds		Totals
	General	Fire	
REVENUES			
Property taxes	\$ 108,604	\$ 126,773	\$ 235,377
State grants	157,464	-	157,464
Charges for services	7,164	-	7,164
Interest	26,816	447	27,263
Other	1,138	2,445	3,583
Total revenues	<u>301,186</u>	<u>129,665</u>	<u>430,851</u>
EXPENDITURES			
Legislative	5,444	-	5,444
General government	127,800	-	127,800
Public safety	-	125,235	125,235
Public works	87,914	-	87,914
Capital outlay	210	-	210
Total expenditures	<u>221,368</u>	<u>125,235</u>	<u>346,603</u>
NET CHANGES IN FUND BALANCES	79,818	4,430	84,248
FUND BALANCES - BEGINNING	<u>647,670</u>	<u>63,217</u>	<u>710,887</u>
FUND BALANCES - ENDING	<u>\$ 727,488</u>	<u>\$ 67,647</u>	<u>\$ 795,135</u>

Net change in fund balances - total governmental funds \$ 84,248

Amounts reported for *governmental activities* in the statement
of activities (page 5) are different because:

Capital assets:

Assets acquired	7,190
Provision for depreciation	(12,323)

Increase in prepaid expenses	<u>4,097</u>
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Change in net assets of <i>governmental activities</i>	<u>\$ 83,212</u>
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See notes to financial statements

Township of Irving
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The accounting policies of the Township of Irving, Michigan (the Township), conform to U.S. generally accepted accounting principles (hereinafter referred to as generally accepted accounting principles) as applicable to governments. The following is a summary of the more significant policies.

a) Reporting entity:

The accompanying financial statements present only the Township. There are no component units, entities for which the Township is considered to be financially accountable.

b) Government-wide and fund financial statements:

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the Township. The effect of inter-fund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

c) Measurement focus, basis of accounting, and financial statement presentation:

The government-wide financial statements are reported using the economic resources, measurement focus, and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources, measurement focus, and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available if they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township generally considers revenues to be available if they are expected to be collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

State grants, licenses and permits, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable only when cash is received by the Township.

Township of Irving
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

c) *Measurement focus, basis of accounting, and financial statement presentation* (continued):

The Township reports the following major governmental funds:

The General Fund is the Township's primary operating fund. It accounts for all financial resources of the Township, except those required to be accounted for in another fund. Revenues are primarily derived from property taxes and state shared revenue.

The Fire Fund accounts for the financial resources used for the operational costs of the Township public safety function. Revenues are primarily derived from property taxes.

Private-sector standards of accounting issued prior to December 1, 1989, are generally followed in the government-wide financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board (GASB).

Amounts reported as program revenues include: (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

When both restricted and unrestricted resources are available for use it is the Township's policy to use restricted resources first, then unrestricted resources as they are needed.

d) *Assets, liabilities, and net assets or equity:*

i) *Bank deposits* - Cash is considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

ii) *Receivables* - In general, outstanding balances between funds are reported as "due to/from other funds." No allowance for uncollectible accounts has been recorded as the Township considers all receivables to be fully collectible.

iii) *Prepaid items* - Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in the fund financial statements and the government-wide financial statements.

iv) *Capital assets* - Capital assets, which include property, equipment, and infrastructure assets (e.g., shared road costs and similar items), are reported in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial individual cost of more than \$500 (\$10,000 for infrastructure assets) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Governments can elect to account for infrastructure assets either retroactively to June 15, 1980, or prospectively. The Township has elected to account for infrastructure assets prospectively, beginning April 1, 2004.

Township of Irving
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

d) *Assets, liabilities, and net assets or equity* (continued):

iv) *Capital assets* (continued) - Capital assets are depreciated using the straight-line method over the following useful lives:

Buildings and improvements	20 - 40 years
Equipment	3 - 5 years
Shared road costs	20 years

v) *Fund equity* - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

vi) *Property tax revenue recognition* - Property taxes are levied as of December 1 on property values assessed as of December 31 of the prior year. The billings are due on or before February 14, after which time the bill becomes delinquent and penalties and interest may be assessed by the Township. Property tax revenue is recognized in the year for which taxes have been levied and become available. The Township levy date is December 1, and, accordingly, the total levy is recognized as revenue in the current year.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:

Budgetary information - Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. The budget document presents information by fund, function, and department. The legal level of budgetary control adopted by the governing body is the function level. All annual appropriations lapse at the end of the fiscal year.

The following schedule set forth significant budget variations:

<u>Fund</u>	<u>Function</u>	<u>Activity</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance</u>
General	Public safety	Fire protection	\$ 104,488	\$ 125,235	\$ 20,747

NOTE 3 - DEPOSITS:

Deposits with financial institutions:

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) and the Township's investment policy authorize the Township to make deposits in the accounts of federally-insured banks, credit unions, and savings and loan associations that have an office in Michigan. The Township's deposits are in accordance with statutory authority.

Custodial credit risk of deposits is the risk that, in the event of the failure of a depository financial institution, the Township will not be able to recover its deposits. Deposits are exposed to custodial credit risk if they are not covered by depository insurance. As of March 31, 2008, \$528,748 of the Township's bank balances of \$828,748 was exposed to custodial credit risk because it was uninsured.

Township of Irving
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 3 - DEPOSITS (Continued):

The Township believes that it is impractical to insure all bank deposits due to the amounts of the deposits and the limits of FDIC insurance. As a result, the Township evaluates each financial institution with which it deposits funds and assesses the risk level of each institution. Only the institutions with an acceptable estimated risk level are used as depositories.

NOTE 4 - RECEIVABLES:

Receivables as of year end for the Township's individual major funds are as follows:

<u>Fund</u>	<u>Property taxes</u>	<u>Inter- governmental</u>	<u>Total</u>
General	\$ 8,988	\$ 24,400	\$ 33,388
Fire	11,414	-	11,414
Totals	<u>\$ 20,402</u>	<u>\$ 24,400</u>	<u>\$ 44,802</u>

All receivables are current and are considered fully collectible.

NOTE 5 - CAPITAL ASSETS:

Capital asset activity for the year ended March 31, 2008, was as follows:

	<u>Beginning balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending balance</u>
Governmental activities:				
Capital assets not being depreciated - land	\$ 83,191	\$ -	\$ -	\$ 83,191
Capital assets being depreciated:				
Buildings and improvements	189,108	7,190	-	196,298
Equipment	43,947	-	-	43,947
Shared road costs	24,300	-	-	24,300
Subtotal	<u>257,355</u>	<u>7,190</u>	<u>-</u>	<u>264,545</u>
Less accumulated depreciation for:				
Buildings and improvements	(42,402)	(5,776)	-	(48,178)
Equipment	(23,165)	(5,332)	-	(28,497)
Shared road costs	(3,645)	(1,215)	-	(4,860)
Subtotal	<u>(69,212)</u>	<u>(12,323)</u>	<u>-</u>	<u>(81,535)</u>
Total capital assets being depreciated, net	<u>188,143</u>	<u>(5,133)</u>	<u>-</u>	<u>183,010</u>
Governmental activities capital assets, net	<u>\$ 271,334</u>	<u>\$ (5,133)</u>	<u>\$ -</u>	<u>\$ 266,201</u>

Township of Irving
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 5 - CAPITAL ASSETS (Continued):

Depreciation expense was charged to functions of the Township as follows:

Governmental activities:	
General government	\$ 11,108
Public works	<u>1,215</u>
Total	<u>\$ 12,323</u>

NOTE 6 - PAYABLES:

Payables as of year end for Township's funds are as follows:

<u>Fund</u>	<u>Accounts</u>	<u>Payroll</u>	<u>Total</u>
General	<u>\$ 1,517</u>	<u>\$ 6,576</u>	<u>\$ 8,093</u>

NOTE 7 - JOINT VENTURE:

The Township, together with the Townships of Baltimore, Rutland, Carlton, and Hastings, has established a joint fire department under the provisions of Public Act 33 of 1951 and Public Act 7 of 1967, known as the BIRCH Fire Department (the Department). Membership does not convey an economic interest. The organization agreement provides that the Department's activities are financed as follows:

Each Township shall pay an amount equal to an agreed millage rate, which shall be identical for all townships. Once the millage has been determined, the amount of money representing the millage in each township can be raised by any means available to each township and does not have to be spread upon the tax roll as an assessment.

The Township contributed \$34,602 to the Department during the fiscal year ended March 31, 2008.

NOTE 8 - RISK MANAGEMENT:

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation). The Township has purchased commercial insurance for each of these claims and is neither self-insured, nor participates in a shared-risk pool. Settled claims relating to commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

NOTE 9 - COMMITMENT:

The Township has made a commitment to make improvements to the township hall with a barrier-free bathroom and kitchenette. A construction contract, with a total contract price of \$32,741, was entered into on February 28, 2008, with the completion of the project expected in May 2008. No costs were incurred relative to this project through March 31, 2008. The cost of this improvement is being funded by available resources within the General Fund.

REQUIRED SUPPLEMENTARY INFORMATION

Township of Irving
BUDGETARY COMPARISON SCHEDULE - General Fund
Year ended March 31, 2008

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
REVENUES				
Property taxes	\$ 103,644	\$ 103,644	\$ 108,604	\$ 4,960
State grants	128,000	128,000	157,464	29,464
Charges for services	-	-	7,164	7,164
Interest	12,000	12,000	26,816	14,816
Other	-	-	1,138	1,138
Total revenues	<u>243,644</u>	<u>243,644</u>	<u>301,186</u>	<u>57,542</u>
EXPENDITURES				
Legislative	<u>5,485</u>	<u>5,388</u>	<u>5,444</u>	<u>(56)</u>
General government:				
Supervisor	14,099	14,196	14,196	-
Elections	6,500	5,790	5,474	316
Assessor	19,700	19,057	20,388	(1,331)
Clerk	21,300	20,702	20,131	571
Board of Review	1,500	2,143	2,227	(84)
Treasurer	24,350	24,350	22,184	2,166
Hall and grounds	9,000	14,181	12,359	1,822
Cemetery	11,240	11,240	10,021	1,219
Other	<u>21,800</u>	<u>23,312</u>	<u>20,820</u>	<u>2,492</u>
Total general government	<u>129,489</u>	<u>134,971</u>	<u>127,800</u>	<u>7,171</u>
Public works:				
Road improvements and maintenance	88,196	88,196	86,709	1,487
Street lighting	<u>1,200</u>	<u>1,205</u>	<u>1,205</u>	<u>-</u>
Total public works	<u>89,396</u>	<u>89,401</u>	<u>87,914</u>	<u>1,487</u>
Capital outlay	<u>2,000</u>	<u>2,000</u>	<u>210</u>	<u>1,790</u>
Total expenditures	<u>226,370</u>	<u>231,760</u>	<u>221,368</u>	<u>10,392</u>
NET CHANGES IN FUND BALANCES	17,274	11,884	79,818	67,934
FUND BALANCES - BEGINNING	<u>647,670</u>	<u>647,670</u>	<u>647,670</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 664,944</u>	<u>\$ 659,554</u>	<u>\$ 727,488</u>	<u>\$ 67,934</u>

Township of Irving
BUDGETARY COMPARISON SCHEDULE - Fire Fund
Year ended March 31, 2008

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
REVENUES				
Property taxes	\$ 118,674	\$ 118,674	\$ 126,773	\$ 8,099
Interest	200	200	447	247
Other	<u>-</u>	<u>-</u>	<u>2,445</u>	<u>2,445</u>
Total revenues	118,874	118,874	129,665	10,791
EXPENDITURES				
Public safety	<u>103,778</u>	<u>104,488</u>	<u>125,235</u>	<u>(20,747)</u>
NET CHANGES IN FUND BALANCES	15,096	14,386	4,430	(9,956)
FUND BALANCES - BEGINNING	<u>63,217</u>	<u>63,217</u>	<u>63,217</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 78,313</u>	<u>\$ 77,603</u>	<u>\$ 67,647</u>	<u>\$ (9,956)</u>

May 21, 2008

To the Board of Trustees
Township of Irving

We have audited the financial statements of the governmental activities and each major fund of the Township of Irving for the year ended March 31, 2008, and have issued our report thereon dated May 21, 2008. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated March 3, 2008, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Township of Irving are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2008. We noted no transactions entered into by Township of Irving during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was capital asset depreciation.

Management's estimate of the capital asset depreciation is based on the estimated useful lives of the Township's capital assets. We evaluated the key factors and assumptions used to develop the capital asset depreciation in determining that it is reasonable in relation to the financial statements taken as a whole.



1958-2008

The disclosures in the financial statements are neutral, consistent, and clear.

Audit Adjustments

For purposes of this letter, professional standards define an audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. Management has recorded all of our proposed audit adjustments.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter associated with the audits for the year ended March 31, 2008.

Other Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Township of Irving's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Communication Regarding Internal Control

In planning and performing our audit of the financial statements of the Township of Irving as of and for the year ended March 31, 2008, in accordance with auditing standards generally accepted in the United States of America, we considered the Township of Irving's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Our consideration of internal control included procedures to evaluate the design of controls relevant to an audit of financial statements and to determine whether they have been implemented, but it did not include procedures to test the operating effectiveness of controls, and accordingly, was not directed to discovering significant deficiencies in internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a deficiency in internal control that we consider to be a material weakness.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

The Township has not implemented a system of controls to prepare financial statements in accordance with U.S. generally accepted accounting principles, including procedures to achieve the objectives of recording revenue and expense accruals, the capitalization and depreciation of capital assets, and the presentation of financial statement disclosures. This is a recurring comment. The Township has determined that the additional benefits derived from implementing such a system would not outweigh the costs incurred to do so.

This communication is intended solely for the information and use of the Board of Trustees of the Township of Irving and the State of Michigan Department of Treasury and is not intended to be and should not be used by anyone other than these specified parties.

Sigfried Crandall P.C.